

Message Text

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PAGE 01 GENEVA 09407 191559Z

64

ACTION EB-07

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E.O. 11652: NA

TAGS: ETRD UNCTAD

SUBJ: UNCTAD REVIEW OF US GSP SCHEME

REF: GENEVA 9171

1. SUMMARY. HENTGES (STR), JOHNSON (TREASURY) AND ECMIN
MET INFORMALLY WITH TADIC, CHIEF OF PREFERENCES DIVISION
OF MANUFACTURES DIVISION OF UNCTAD, AND COLLEAGUE, CRAIG
MCPHEE, TO DISCUSS AND GIVE COMMENTS ON THE UNCTAD GSP
REPORT OF 6 NOV 1975 (TD/B/C.5/38). AT MEETING
UNCTAD PERSONNEL REQUESTED ADDITIONAL DATA FOR THEIR
ANALYSIS OF THE SCHEME AND MADE SUGGESTIONS FOR THE
MEETING OF THE SPECIAL COMMITTEE ON PREFERENCES IN
JANUARY.

2. AS MENTIONED IN REFTEL, GENERAL TONE OF UNCTAD STUDY
WAS OF SOME CONCERN TO US REPS. AS A FOLLOW-UP TO LUNCH
INITIATED BY KRISHNAMURTI (HEAD OF MANUFACTURES, UNCTAD)
WITH US REPS (CULBERT, BRUNGART, AND HENTGES) WASHINGTON
OFFICIALS, WHO WERE IN GENEVA IN CONNECTION UNCTAD
COMMODITIES COMMITTEE MEETING, AGREED TO GO
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PAGE 02 GENEVA 09407 191559Z

OVER UNCTAD REVIEW OF GSP AND ON PERSONAL BASIS TO GIVE

BOTH GENERAL AND SPECIFIC COMMENTS. COMMENTS GIVEN
EXPRESSED CONCERN OVER THE OFTEN NEGATIVE TONE AND SOMETIMES
EXAGGERATED IMPLICATIONS OF THE REPORT'S CONCLUSIONS.
SPECIFIC DISCUSSION FOCUSED LARGELY ON THE REPORT'S
TREATMENT OF RULES OF ORIGIN AND THE COMPETITIVE NEED
CRITERIA. US OFFICIALS ATTEMPTED TO CLARIFY SOME
PASSAGES AND TO PROVIDE THE RATIONALE UNDERLYING THE
SPECIFIC PROVISIONS OF THE TRADE ACT ON THESE POINTS.
INACCURACIES WERE POINTED OUT ON THESE AND OTHER PORTIONS
OF THE REPORT. JOHNSON HAD MADE SIMILAR POINTS AT A
LUNCH WITH MEMBERS OF THE PREFERENCES DIVISION.

3. TADIC APPEARED GENUINELY RECEPTIVE AND ANXIOUS TO
HAVE US COMMENTS WHILE AT THE SAME TIME WISHING TO
REGISTER HIS OPPOSITION TO THE QUOTE RESTRICTIVE
UNQUOTE PROVISIONS OF THE COMPETITIVE NEED CRITERIA
AND RULES OF ORIGIN. ON POINTS OF INACCURACY OR LACK OF
CLARITY IN THE REPORT, TADIC TOOK CAREFUL NOTE. HOWEVER,
A REDRAFT IS NOT EXPECTED OF IT BEFORE IT IS
PRESENTED FOR THE JAN MEETING. ACCORDINGLY, WE
CONTINUE CONSIDER US REP SHOULD BE PREPARED TO GIVE
OUR DETAILED COMMENTS ON PAPER AT JAN MEETING.

4. US REPS POINTED OUT IMPORTANCE OF THE UNCTAD
DOCUMENT IN MAKING KNOWN THE US SCHEME AND THE AID IT
COULD GIVE TO BENEFICIARIES IN UNDERSTANDING AND UTILIZING
IT. TADIC WAS MOST EAGER TO USE THE JAN MEETING
OF THE SPECIAL COMMITTEE ON PREFERENCES TO REPORT AND
CLARIFY DETAILS OF THE US SCHEME. HE OFFERED TO CIRCULATE
ANY MATERIALS PRIOR TO MEETING THAT THE US COULD
PROVIDE (PARTICULARLY A SIMPLIFIED EXPLANATION OF RULES
OF ORIGIN) AND TO HAVE A SESSION AT THE BEGINNING OF THE
MEETING FOR A MORE DETAILED EXPLANATION OF THE UTILIZATION
OF THE SCHEME. THIS COULD BE AN IMPORTANT OPPORTUNITY
FOR THE US TO INSTRUCT BENEFICIARIES ON SOME OF THE MORE
DETAILED ASPECTS OF THE SCHEME. IT IS THEREFORE HOPED
THAT SOMEONE THOROUGHLY FAMILIAR WITH THE REGULATIONS AND
ADMINISTRATION OF RULES OF ORIGIN WILL BE PART OF THE
DELEGATION FOR AT LEAST PART OF THE PREFERENCE MEETING.

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PAGE 03 GENEVA 09407 191559Z

5. TADIC ALSO RAISED SOME POINTS ON THE NOTIFICATION OF
THE US SCHEME. BOTH KRISHNAMURTI AND HE SUGGESTED THAT
THE US FORMALLY NOTIFY UNCTAD OF THE IMPLEMENTATION OF
ITS SCHEME AND UNCTAD IN TURN WOULD HELP
INFORM COUNTRIES OF ITS IMPLEMENTATION AND OF SOME OF
THE NECESSARY PRELIMINARY PROCEDURES. HE PONTE OUT
THAT A NUMBER OF BENEFICIARIES HAVE ALREADY NOTIFIED
UNCTAD OF THE APPROPRIATE OFFICIAL FOR AUTHORIZING

CERTIFICATES OF ORIGIN. HE ASKED WHETHER
UNCTAD MIGHT TRANSMIT THESE NOTIFICATIONS TO THE USG
IN LIEU OF INDIVIDUAL COUNTRY'S DIRECT NOTIFICATION TO
THE USG. BEING AWARE THAT POSTS ARE HANDLING BOTH
MATTERS, UNCTAD WOULD SERVE AS A SUPPLEMENTARY CHANNEL.

6. AS A FURTHER AID TO THEIR ANALYSIS, TADIC AND MCPHEE
WERE ANXIOUS TO RECEIVE THE 1974 TRADE DATA ON WHICH
EXCLUSIONS ON COMPETITIVE NEED CRITERIA WERE DE-
TERMINED. THEY DID NOT SEEM TO BE CLEAR AS TO WHEN THESE
WOULD BE AVAILABLE AND OFFERED TO MAKE BLANK TAPES
AVAILABLE. MTN DEL (MCNAMARA) SAID THEY WILL BE MADE
AVAILABLE WHEN THEY ARE GIVEN TO GATT
SECRETARIAT. POST WILL INFORM. THEY ALSO WISH TO HAVE
A BREAKDOWN BY NAME OF THE TERRITORIES GROUPED ON THE
TAPES (E.G., FRENCH TERRITORIES, PACIFIC TERRITORIES).

7. ACTION REQUESTED:(1) WE SEE MERIT IN US
OFFICIALLY NOTIFYING UNCTAD OF INSTITUTION OF OUR SCHEME,
AND INCLUDING IN NOTIFICATION POINTS WHY WE CONSIDER IT WILL
BE OF OUTSTANDING BENEFIT TO LDCS. PLEASE FURNISH TEXT
FOR DELIVERY EARLY JAN. IT COULD BE SIGNED AMB DALE
OR HIGH WASHINGTON OFFICIAL. ADVISE. (2) INFORM POST
WHETHER BENEFICIARY COUNTRY NOTIFICATION TO THE US OF
APPROPRIATE AUTHORITY FOR CERTIFICATES OF ORIGIN CAN BE
DONE THROUGH UNCTAD (AS APPARENTLY DONE FOR OTHER
SCHEMES). ALSO CLARIFY WHETHER NOTIFICATION OF AP-
PROPRIATE AUTHORITY IS SUFFICIENT OR IS SAMPLE OF
SIGNATURE IS NEEDED AS WELL. DALE

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